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Bernanke announces wish of "strong and stable dollar"

News and Events:

Federal Reserve Chairman Ben Bernanke announced his view that it is in US interests to have a "strong and stable dollar". Traders reacted immediately on the news, buying up the dollar against all currencies. The Euro dropped 150 points from 1.5600 to 1.5450 in less than an hour. Bernanke went on further, relating rising commodity prices to the long-term depreciation of the dollar. The greenback will be the talk of the town in the upcoming G7 meeting. Investors seem to be selling off their Euros, for now.

UK PMI index fell to 43.9 versus 46.1 previous, sharp decline for the construction figures. This news furthers the question of whether the housing crisis in the UK has been tamed and far more will it deteriorate. The Bank of England is expected to hold rates tomorrow.



Today's Key Issues (time in GMT):

- 11:00 USD** MBA Mortgage Applications (MAY 30)
- 11:30 USD** Challenger Job Cuts (YoY) (MAY)
- 12:15 USD** ADP Employment Change (MAY) -30K vs 10K
- 12:30 USD** Nonfarm Productivity (1Q F) 2.5% vs 2.2%
- 12:30 USD** Unit Labor Costs (1Q F) 2.0% vs 2.2%
- 14:00 USD** ISM Non-Manufacturing Composite (MAY) 51 vs 52
- 18:45 USD** Fed's Bernanke to Speak at Harvard on Economic Challenges
- 21:00 NZD** Reserve Bank of New Zealand Rate Decision 8.25% vs 8.25%

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The Risk Today:

EURUSD downward pressure remains strong and now targeting 1.5393. Resistance now holds at 1.5628.

GBPUSD continuing its medium-term downtrend and targeting 1.9364. A break above 1.9974 would threaten the bearish bias.

USDJPY hit the target of 103.94 as mentioned yesterday. The bounce provided enough support to hit 105.50. Next stop is 105.88 (currently trading at 104.65).

USDCHF The target is 1.0610. Strong support holds all the way down to 1.0216

Resistance and Support:

EURUSD	GBPUSD	USDJPY	USDCHF
1.5921 K	2.0399 S	111.92 K	1.1191 K
1.5819 M	2.0101 T	110.10 T	1.0625 T
1.5628 S	1.9849 S	105.70 M	1.0582 M
1.5477	1.9565	104.61	1.0381
1.5388 S	1.9500 M	102.60 M	1.0200 M
1.5287 S	1.9364 K	100.00 S	0.9850 S
1.5200 S	1.9188 S	95.74 K	0.9637 S
S: Strong, M: Minor, T: Trendline, K: Keylevel, P: Pivot			

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